AGRICORP™

Working Together

To Strengthen Ontario's Agriculture and Food Industry

1999-2000 Annual Report

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Message from the Chair

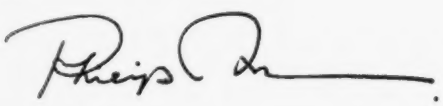
As the Chair of AGRICORP, I'm pleased to report that the agency's commitment to continuous improvement propels both our current and future activity.

As a relatively young organization, AGRICORP's Board of Directors felt the timing was appropriate to review the delivery of Crop Insurance, our main business line. To conduct an independent and impartial review, the Board hired a consulting firm that was mandated to comment on management practices and our governance structure.

As a result of the review, AGRICORP's governance model has been streamlined so that a single, smaller board is charged with the governance of AGRICORP. Two committees, the Executive Committee and Crop Insurance Committee, support the Board in carrying out its role. With Minister Hardeman's firm support, I'm pleased to report that this has been achieved.

The remainder of the consultant's recommendations focused on our operations. These recommendations provided us with a great deal of insight given our commitment to continuous improvement. Management is in the process of implementing these recommendations.

In closing, AGRICORP has a prosperous future ahead of it. Our obligation is to position ourselves to tackle the opportunities and challenges the years ahead will bring. I'd like to thank the directors for taking the proactive step of initiating the review of Crop Insurance and for their continuing commitment to achieving our goals.



Phil Andrewes
Chair

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Management Discussion and Analysis

CROP INSURANCE DIVISION

Introduction

The Ontario Crop Insurance program is the most sophisticated program available to farmers in all of North America.

Providing High-Value, Cost-Effective Service

In 1999 the Crop Insurance Division focused on continuously improving our customer service while striving to implement cost saving efficiencies. At the same time, we were able to develop and deliver more innovative products and services.

Achievements in 1999

Our Crop Insurance customers were provided with the following enhancements in 1999:

1. Premium rate reductions averaging 20% in 1999 over 1998.
2. Increased efficiencies in claim processing, reducing the number of days for a claim cheque to be authorized and sent to our customer. This was achieved through the combined efforts of our Field Claims Team and the new telephone adjusting group.
3. Optional Unit Coverage Pilot program offered to grain and oilseed customers. This program allowed producers to insure discrete sub-units of their total acreage.
4. Ontario wheat producers participated in another pilot program which had them self-declare their harvested yields, resulting in a more user-friendly reporting process for our customers and cost savings for AGRICORP. The success of this pilot makes this a solid business process change that will be expanded to other grain and oilseed crops in the 2000 crop year.
5. Every customer now has a Crop Insurance Policy which describes for our customers their rights and obligations.

The People Who Serve Our Customers

Our success is based most of all on the skills, attitude and talent of our employees. The Crop Insurance Division employees are a knowledgeable group, striving to provide value-added service to each and every customer. It is only through their efforts that we are able to report on the achievements in 1999.

Marketing

The Marketing team delivered on their commitment to support the business with the development and implementation of new products, enhancements to existing services and the testing of some new "pilot" initiatives. Our improved relationship with our partners, stakeholders and producers has been achieved in part by the Marketing team's delivery on this key business initiative.

Customer Action Centre

The call centre continues to deliver exceptional service to our customers, taking over 75,000 calls in 1999. Customers can have all requests handled by contacting us at our toll-free number. We have been able to increase our service level to our customers and reduce costs.

Crop Insurance Specialized Services

The crop specialists successfully delivered key Crop Insurance initiatives while providing crop/commodity-specific service to our customers, commodity organizations, stakeholders and employees. During 1999 the team continued their communications improvements with easier renewals, Final Acreage Reports and invoicing.

Sales

The Sales team's "relationship selling" approach resulted in significant growth in our business during the year. The long-term benefits of the team's efforts will be realized in the years to come, as more of our customers continue to work with us to manage their on-farm risk.

Claims

The Claims team delivered consistent and fast claims resolution. The team is now comprised of the Regional Claims Managers, Telephone Adjusters, Field Adjusters and our Quality Assurance Manager. We have been able to respond more quickly when handling claims. We now have a very strong field adjusting presence, with a focus on maintaining the integrity of the Crop Insurance program.

Information Development

Key to our overall success has been the contribution made by the Information Development team through the development of policies and procedures, AGRICORP Help (online help), training manuals, materials and programs and other publications. The team has also contributed to our improved customer service by adding a keen editing eye to all external documents.

We thank our customers for their participation in the Crop Insurance program and look forward to the expansion of our pilots and the testing of other enhancements in the future.

George Sutton
General Manger, Crop Insurance Division

Information Technology

During the 1999/2000 fiscal year, a major investment was made to upgrade AGRICORP's Crop Insurance Management System (CIMS). The AGRICORP Information Technology department teamed up with Crop Insurance Division staff members, and successfully implemented this new system, called CIMSPlus.

(continued)

Information Technology (cont'd)

CIMSPlus is an integrated suite of business applications, used by AGRICORP to track producer information and generate the many documents required for managing the Crop Insurance process. This system is also used to deliver the Market Revenue program on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs and Agriculture and Agri-Food Canada.

CIMSPlus has enabled AGRICORP to achieve several operational efficiencies, improved customer service, and better access to information, for both office and remote staff. It has also allowed AGRICORP to significantly reduce Information Technology operating costs.

Brett McClelland
Chief Information Officer

Financial Highlights

Crop Insurance

Crop Insurance premium and funding for the fiscal year totalled $70.9 million, which was 12% less than the previous year due to a combination of lower commodity prices and continued low claims experience allowing further rate reductions. The number of insured acres actually increased 6% to 3.67 million and the total insured liability increased 7% to $1.18 billion.

Crop Insurance claims for the year were significantly lower than expected. The loss ratio, the ratio of claims to premium, was 46%, much lower than the long-run expected ratio of 85%. The 1999 crop year was the sixth of the last seven years in which claims were less than premium. Continued low claims experience has led to substantial growth in the Crop Insurance Fund.

Crop Insurance Fund yield for the fiscal year was 5.25%, down from 6.03% last year; however, total investment income increased to $15.3 million from $14.6 million last year. Late in the year, responsibility for daily investment management passed to the Finance organization. Subsequent to the end of the year, the Board approved recommendations to make investment of the Crop Insurance Fund more conservative with the emphasis on stability of returns.

Reinsurance was in place for the 1999 crop year to protect the Fund from the risk of very adverse claims experience. Although no claim against the reinsurers was necessary during the year, the advantages in terms of stability of farmer premium rates and the opportunity to earn enhanced rates on the Crop Insurance Fund made reinsurance a prudent business decision. The cost of reinsurance declined to $6.1 million from $8.1 million the previous year. The premium bought the Crop Insurance Fund $100 million of coverage against abnormally high claims.

The Crop Insurance Fund grew by $47.8 million during the year to $322.6 million by virtue of low claims relative to premium and solid investment earnings. The rate of growth was 17% over the year which contributed to the 6-year annual compound growth rate of 28%. Six years ago the fund was a comparatively small $74.1 million. The combination of the size of the Fund and the reinsurance program means producers can expect to be offered reasonable cost and reliable coverage for the foreseeable future.

Financial Highlights (cont'd)

Market Revenue

Market Revenue provides price support when certain grain and oilseed crop prices fall below long-term averages. Prices for major 1999 crops, including corn, soybeans, and winter wheat plus other minor crops, fell below their support prices, triggering very substantial interim payments and expectations of similar final payments. The Program's fund reflects total payments for the 1999 crop year, paid and accrued, of $128 million. Claims for the fiscal year also include a total of $14.1 million for the 1998 crop year, which is the amount by which actual claims exceeded the estimate due to further commodity price declines after the estimates were prepared.

An agreement to extend or replace the expired Canada-Ontario Market Revenue Agreement had not been signed at the date of these financial statements. In the absence of a new agreement, AGRICORP received approval from the Province to make payments for the 1999 crop year.

General Fund

General Fund revenue was comprised primarily of the following:

a) $303,000 from Grain Financial Protection activities
b) $642,000 from the Leamington grading and measurement services
c) $81,000 from cheque production and investment services provided to the Ontario Whole Farm Relief Program
d) $169,000 of interest earnings on fund assets, offset by a $313,000 loss on trading activities
e) $15.5 million equally from the federal and provincial governments exclusively to cover the costs of Crop Insurance and Market Revenue program delivery.

In aggregate, non-safety net activities generated a small surplus before deduction of the trading loss. Steps have been taken to ensure trading losses do not occur in future.

Brad Caron
Chief Financial Officer

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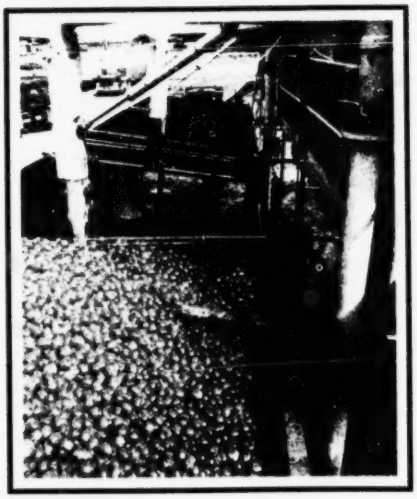
To Strengthen Ontario's Agriculture and Food Industry



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Business Services (ABS) Division

Overview

The AGRICORP Business Services (ABS) Division is the provider of a wide variety of value-added services to the Ontario agriculture and food industry and the Ontario government. ABS operates on a not-for-profit basis and all services are provided without government subsidy.

The Division delivers several specialized services, including commodity grading, sampling and inspection, and financial protection. In addition to the services provided through Agri-Food Services, Leamington and the Financial Protection Services Unit, ABS offers several other "virtual business" services utilizing AGRICORP's full workforce.

In 1999-2000, ABS delivered on contracts totalling some $1.1 million.

Agri-Food Inspection Services

Commodity grading, sampling and inspection services continue to be successfully delivered through this unit of ABS. The range of services includes third-party product quality grading, crop seedling counts, crop acreage measurement, monitoring/inspection of grading equipment, and sampling for chemical residues.

Our relationships with Ontario's processing vegetable industry and Ontario's flue-cured tobacco industry are very important to the success of the unit. In addition to repeat contracts, these relationships have provided opportunities to secure new service contracts with the various marketing boards, industry associations and individual processors.

An alliance with the Canadian Grain Commission (CGC) was formalized. Through this alliance, AGRICORP field staff provide grain-sampling services to CGC standards. The CGC continues to provide laboratory and certification services. With our field staff located throughout the province, the grain industry can take advantage of overall reduced costs for grain sampling, analysis and certification.

Financial Protection Services

Under an agreement with the Minister of Agriculture, Food and Rural Affairs and the Grain Financial Protection Board, AGRICORP continues to provide financial analysis, licensing and inspection services with respect to the provincial Grain Financial Protection Program.

Financial Protection Services administers the programs for the grain corn, soybean and canola commodity groups. Over $1.3 billion in commodities in over 700 licensed locations is secured.

In 1999, Financial Protection Services took on the additional responsibilities of Secretariat of the Grain Financial Protection Board.

In March 2000, a new service contract was successfully negotiated with the Dairy Farmers of Ontario. Under this new agreement, Financial Protection Services will take over and begin to deliver the Dairy Credit Program during the next fiscal year.

Investment Management Services

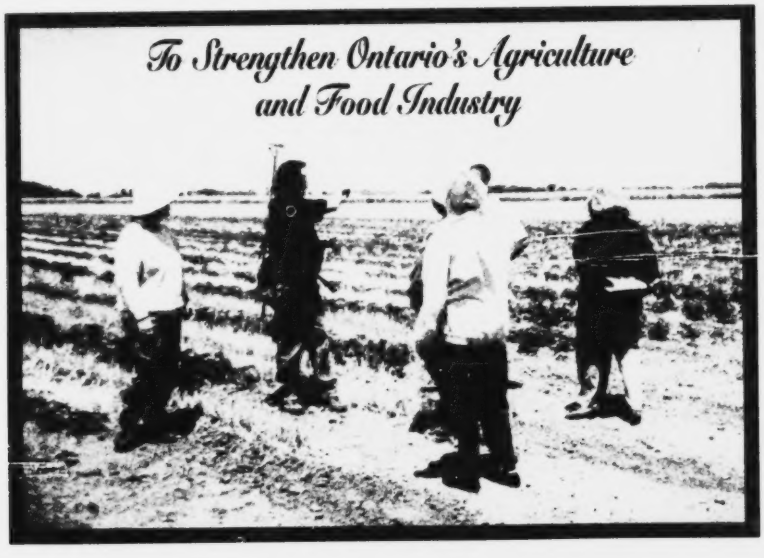
During the fiscal year, the AGRICORP Board of Directors determined that investment management services for external clients would not be a business of ABS.

Outlook

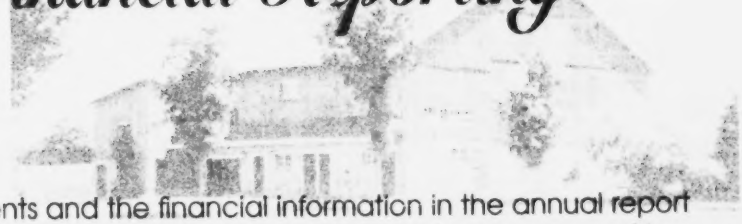
The outlook for the future is promising. As governments continue to review delivery options for programs, discussions are underway with the Ministry of Agriculture, Food and Rural Affairs, as well as with several agriculture and food groups. We are confident that AGRICORP can be an effective and efficient alternative service provider.

In addition, the Ontario agriculture and food industry continues to discuss several concerns, including food safety, genetically modified organisms and pesticide residues. AGRICORP is well positioned to offer new services to assist the industry to put in place systems that address consumer and international trade needs.

AGRICORP™ - Working Together



Management Responsibility for Financial Reporting



The accompanying financial statements and the financial information in the annual report have been prepared by management. The financial statements have been prepared in accordance with generally accepted accounting principles. Management is responsible for the accuracy, integrity and objectivity of the information contained in the financial statements. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

The financial statements include some amounts, such as provision for unsettled indemnities, that are necessarily based on management's best estimates and have been made using careful judgement.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance and Audit Committee of the Board, which is comprised of Directors who are not employees of the Corporation. The Finance and Audit Committee meets regularly to oversee the financial activities of the Agency and annually reviews the financial statements.

The financial statements have been examined independently by the Office of the Provincial Auditor on behalf of the Legislature and the Board of Directors. The Auditor's Report outlines the scope of their examination and expresses their opinion on the financial statements of the company.

Norris Hoag
Interim Chief Executive Officer

Brad Caron.

J Bradley Caron
Chief Financial Officer

Office of the
Provincial Auditor
of Ontario

Bureau du
vérificateur provincial
de l'Ontario

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Auditor's Report

To AgriCorp
and to the Minister of Agriculture, Food and Rural Affairs

I have audited the balance sheet of AgriCorp as at March 31, 2000 and the statements of operations and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

J.R. McCarter, CA
Assistant Provincial Auditor (Acting)

Toronto, Ontario
May 31, 2000

Balance Sheet

As at March 31, 2000

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	2000 ($000's)	1999 ($000's)
ASSETS		
Cash	122	274
Accounts receivable (Note 5)	11,103	7,657
Investments (Note 6)	354,686	296,136
Due from the Minister of Finance (Note 7)	237,337	348,502
Capital assets (Note 8)	752	987
	604,000	653,556
LIABILITIES AND FUND BALANCES		
Liabilities		
Unearned premiums and revenue (Note 9)	9,836	12,876
Provision for unsettled indemnities (Note 2)	65,300	61,376
Accounts payable and accrued liabilities (Note 18)	31,827	14,963
	106,963	89,215
Fund Balances (Note 1)		
General Fund	1,435	1,527
Ontario Crop Insurance Fund	322,646	274,752
Market Revenue Program	172,956	288,062
	497,037	564,341
	604,000	653,556

See accompanying notes to financial statements.

On behalf of the Board:

Chair

Interim Chief Executive Officer

Statement of Operations and Fund Balance - General Fund

For the Year Ended March 31, 2000

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	2000 ($000's)	1999 ($000's)
Revenue		
Sales, consulting and other services	1,070	1,022
Interest income	(144)	108
Operating funding (Note 12)	15,472	13,958
	16,398	15,088
Expenses		
Selling, general and administrative	15,874	14,470
Depreciation	616	618
	16,490	15,088
Excess (deficiency) of revenue over expenses	(92)	-
Fund Balance, beginning of year	1,527	1,527
Fund Balance, end of year	1,435	1,527

See accompanying notes to financial statements.

Statement of Operations and Fund Balance - Ontario Crop Insurance Fund

For the Year Ended March 31, 2000

	2000 ($000's)	1999 ($000's)
Revenue		
Premium from insured producers	35,447	40,429
Premium funding (Note 4)	35,447	40,429
Interest and investment income	15,286	14,569
	86,180	95,427
Expenses		
Indemnities (Note 10)	32,415	35,415
Reinsurance (Note 16)	6,149	8,050
Bad debt expense (recoveries)	(278)	96
	38,286	43,561
Excess of revenue over expenses	47,894	51,866
Fund Balance, beginning of year	274,752	222,886
Fund Balance, end of year	322,646	274,752

See accompanying notes to financial statements.

Statement of Operations and Fund Balance - Market Revenue Program

For the Year Ended March 31, 2000

	2000 ($000's)	1999 ($000's)
Revenue		
Premium funding (Note 4)	11,895	18,606
Interest income	15,035	15,879
	26,930	34,485
Expenses		
Indemnities (Note 10)	142,125	61,927
Bad debt expense (recoveries)	(89)	(56)
	142,036	61,871
Excess/(deficiency) of revenue over expenses	(115,106)	(27,386)
Fund Balance, beginning of year	288,062	315,448
Fund Balance, end of year	172,956	288,062

See accompanying notes to financial statements.

Cash Flow Statement

For the Year Ended March 31, 2000

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	2000 ($000's)	1999 ($000's)
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses		
General Fund	(92)	-
Ontario Crop Insurance Fund	47,894	51,866
Market Revenue Program	(115,106)	(27,386)
Adjustments to reconcile net income to funds provided by operating activities		
Depreciation	616	618
Net Change in working capital	125,467	40,779
Cash flows from operating activities	58,779	65,877
Cash Flows from Investing Activities		
Purchase of capital assets	(381)	(649)
Increase in investments	(58,550)	(67,619)
Cash flows used in investing activities	(58,931)	(68,268)
Net decrease in cash	(152)	(2,391)
Cash at beginning of year	274	2,665
Cash at end of year	122	274

See accompanying notes to financial statements.

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Notes to Financial Statements

March 31, 2000

1. Nature of Operations

The *AgriCorp Act, 1996* established AgriCorp as a new Crown agency effective January 1, 1997. The Corporation was established without share capital. Its mandate is to design and deliver agricultural safety net plans and other food products and services to the farm, food and rural sectors of Ontario. Current safety net programs include the Crop Insurance and Market Revenue programs.

The Ontario Crop Insurance Fund was established in 1966 and currently operates pursuant to the *Crop Insurance Act (Ontario), 1996*. The program provides growers with protection on all major crops grown in Ontario, against yield reduction caused by natural perils.

The Market Revenue program was established pursuant to the Interim Gross Revenue Insurance Plan (GRIP) agreement established by the Government of Canada with the provinces, and commenced operations on April 1, 1991. The Program protects farmers against reduced income caused by low market prices of certain designated crops.

2. Significant Accounting Policies

(a) Basis of Accounting - The Corporation's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants.

(b) Capital Assets - Capital assets are stated at cost less accumulated depreciation. Depreciation is provided using the straight line method over the estimated useful life of the assets as listed below.

Furniture and equipment	4 years
Vehicles	4 years
Machinery and equipment	4 years
Computer hardware	3 years
Computer software	2 years
Leasehold improvements	remaining life of the lease

(c) Pension Plan - Full-time employees participate in a mandatory, contributory defined benefit pension plan administered by a third-party administrator. The Corporation matches employees' contributions. Pension plan assets are valued using current fair values and adjustments are amortized on a straight-line basis over the expected average remaining service life of the employee group.

(d) Investments - Interest income, gains and losses on disposal, amortization of premiums and discounts and write-downs to market value are reported in investment income. Market Revenue, Crop Insurance and General Fund cashflow and investments are segregated, avoiding the need for allocation of investment income. Short-term investments are acquired primarily for the purpose of liquidity and are intended to be held for less than one year. Short-term investments are carried at cost, which approximates market value. Long-term investments are recorded at cost net of accumulated premiums and discounts amortized over the term to maturity.

(e) Provision for Unsettled Indemnities - Provision for unsettled indemnities represents management's best estimates of amounts to be paid. Market Revenue program payments are based on a formula which can not be completed until the end of the 2000 calendar year. Certain Crop Insurance claims remained unsettled at year-end and were either quantified based on settlement amounts after year-end or management estimates were made.

(f) Revenue Recognition - Premiums received in the period are deferred for crops which will be harvested subsequent to the end of the fiscal year.

3. Comparative Figures

Certain comparative figures have been restated to conform to the current year's presentation.

4. Canada-Ontario Cost Sharing Agreements

(a) Crop Insurance - The current Canada-Ontario Crop Insurance Agreement came into effect April 1, 1997, and has no explicit expiry date. It can be terminated by either party with advance notice of two complete fiscal years. Under the terms of the Agreement, the province and the federal government share equally the cost of 50% of the premium, with the producers paying the remaining 50%. The two levels of government share equally the selling, general and administrative expenses.

(b) Market Revenue - An agreement to extend or replace the Canada-Ontario Market Revenue Agreement had not been signed at the date of these financial statements. These financial statements include revenue and expenditure accruals based on the assumption that a retroactive Agreement for the 1999 crop year will be concluded. The province and the federal government have, in the past, each shared equally in the cost of the selling, general and administrative expenses.

5. Accounts Receivable

Accounts receivable consist of the following:

	2000 ($000's)	1999 ($000's)
Government funding	9,425	6,211
Accrued interest	35	54
Producer premiums, net	1,355	1,125
Trade	288	267
	11,103	7,657

6. Investments

Legislation restricts the Corporation's investments to highly liquid, high-grade money market instruments such as federal and provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

(a) Portfolio Profile

Investments are as follows:

	2000		1999	
	Carrying Amount ($000's)	Fair Value ($000's)	Carrying Amount ($000's)	Fair Value ($000's)
Short-term	122,407	122,377	129,176	128,931
Long-term				
Government of Canada	54,823	53,363	36,817	36,013
Province of Ontario	32,831	32,091	30,437	31,226
Other provincial governments	51,229	48,420	50,494	50,256
Provincial utilities	47,306	45,270	33,804	34,360
Other financial institutions	46,090	43,735	15,408	15,347
Total long-term	232,279	222,879	166,960	167,202
Total Investments	354,686	345,256	296,136	296,133

(b) Investment risk

The coupon rates for the long-term bond portfolio ranged from 5.0% to 10.875%, with a weighted average yield of 6.86%. Fluctuations in interest rates could have a significant impact on the market value of the bond portfolio. This could result in realized gains or losses if actual claims levels differed significantly from expected and quick liquidation of assets were required to meet obligations. At March 31, 2000, a 1% move in interest rates could impact the market value by approximately $14.1 million but bonds are generally held to maturity.

(c) Maturity profile of the investment portfolio

	1999/00 ($000's)	1998/99 ($000's)
< 1 Year	122,407	129,176
1-3 Years	4,269	12,572
3-5 Years	17,696	8,114
>5 Years	210,314	146,274
Total	354,686	296,136

7. Due from the Minister of Finance

Pursuant to Order-in-Council 1546/91, an account has been established in the Ontario Government's Consolidated Revenue Fund to receive Market Revenue Program contributions from Canada, Ontario and, prior to the 1995 crop year, insured producers. Interest is paid quarterly on the account's average daily closing value based on the average Bank of Canada Treasury Bill rate. This account is used to administer the Program and cannot be accessed for the general operating, financing and investing activities of AgriCorp.

8. Capital Assets

	March 31, 2000			1999
	Cost ($000's)	Accumulated Amortization ($000's)	Net Book Value ($000's)	Net Book Value ($000's)
Computer hardware	1,096	606	490	632
Computer software	812	700	112	243
Leasehold improvements	115	60	55	78
Machinery & equipment	75	10	65	0
Vehicles	50	31	19	31
Furniture and fixtures	15	4	11	3
	2,163	1,411	752	987

9. Unearned Premiums and Revenue

Unearned premiums represent premiums paid in advance to the Ontario Crop Insurance Fund for winter wheat ($4.88 million), forage ($2.73 million) and other crops ($1.47 million). These crops are not harvested until after the end of the fiscal year, giving rise to the deferral of premium. Unearned revenue ($0.75 million) includes operating funding related to the unamortized value of capital assets.

10. Indemnities

The Ontario Crop Insurance Fund's operating results for the current year include the reversal of a $6,600 over-provision for unsettled indemnities as at March 31, 1999 (1998 - $437,500 under-provision for indemnities).

The Market Revenue program's operating results for the current period includes a $14.1 million under-provision of unsettled indemnities as at March 31, 1999 (1998 - $1.7 million under-provision). In addition, the Market Revenue program's operating results for the current period include a provision for unsettled indemnities relating to the 1999 crop year of $64.3 million (1998 - $60 million). In the absence of a new Canada-Ontario Market Revenue Agreement, AgriCorp received approval from the province to make payments for the 1999 crop year.

11. Segmented Information

	General Fund	Crop Insurance Fund	Market Revenue Program	Total 2000	Total 1999
			$000's		
Assets					
Cash	(149)	271	-	122	274
Accounts receivable	2,464	8,550	89	11,103	7,657
Investments	32,247	322,439	-	354,686	296,136
Due from the Minister of Finance	-	-	237,337	237,337	348,502
Capital assets	752	-	-	752	987
Inter-fund receivables/ (payables)	(1,431)	1,487	(56)	-	-
	33,883	332,747	237,370	604,000	653,556
Liabilities					
Accounts payable and accrued liabilities	31,696	47	84	31,827	14,963
Unearned premiums and revenue	752	9,084	-	9,836	12,876
Provision for unsettled indemnities	-	970	64,330	65,300	61,376
	32,448	10,101	64,414	106,963	89,215
Fund Balances	1,435	322,646	172,956	497,037	564,341
	33,883	332,747	237,370	604,000	653,556

12. Operating Funding

Canada and Ontario have agreed to share equally the costs of administering the Ontario Crop Insurance Fund and the Market Revenue program. The federal contribution shall not be more than the provincial share even if that amounts to less than 50% of the incurred costs. Based on a reasonable estimate of the administrative workload, these costs are allocated to the Fund and Program 95% and 5% respectively.

13. Pension Plan

The Corporation has a mandatory, contributory defined benefit plan for its full-time employees. The plan was set up effective January 1, 1997. Based on a financial statement prepared by the plan's actuary, the present value of the accrued pension benefits and the market value of the net assets available to provide for those benefits, are as follows:

	2000 ($000's)
Accrued pension benefits	1,504
Pension fund assets	1,612
Pension fund surplus	108

Over the course of the year, the plan generated an experience gain of $154,000.

14. Related Party Transactions

The Corporation has entered into several agreements to acquire services from the Ontario Ministry of Agriculture, Food and Rural Affairs. Under the terms of the agreements, the Corporation paid the Ministry $298,700 during the year. These services, assessed at fair market value, include the utilization of postage, courier, copy and legal services. The Corporation paid the Management Board Secretariat $868,500 for mainframe computer services. In addition, the Corporation paid the Ontario Realty Corporation $320,700 to rent their head office location.

15. Board Remuneration and Salary Disclosure

Total remuneration to members of the Board of Directors was $84,500 during the year ended March 31, 2000 (1999 - $65,700).

The *Public Sector Salary Disclosure Act, 1996*, requires the Corporation to disclose the names of employees who are paid an annual salary in excess of $100,000. For the 1999 calendar year, the Corporation's Chief Executive Officer, Mr. Thomas M. Schmidt, was paid a total of $140,177 plus taxable benefits of $13,599.

16. Reinsurance Agreement

In May 1998, a program of reinsurance was entered into with a number of insurance carriers. This program provides for the reinsuring companies to assume crop insurance losses from 150% to 300% of total premium. This will significantly spread AgriCorp's risk in the event of very adverse experience. The reinsurance costs are based on crop insurance premiums. This program will permit changes to the investment strategy designed to enhance investment yield and recover a portion of the reinsurance premium.

17. Lease Commitments

The Corporation is committed under operating leases on leased premises with future minimum rental payments due as follows:

	($000's)
2001	186
2002	170
2003	170
	526

18. Ontario Whole Farm Relief Program

The Corporation entered into an agreement with the Ministry of Agriculture, Food and Rural Affairs to provide certain services for the purpose of preparing cheques under the Ontario Whole Farm Relief Program. The Ministry advanced funds to the Corporation and, as at March 31, 2000, accounts payable included $29.8 million (1999 - $11.5 million) for distribution under this Program.

AGRICORP *Board of Directors*

As at March 31, 2000

Chair: Phil Andrewes
Directors: Lynne Cohoe, Herm Dick, Martin Schneckenburger, Mike Soenens, Klaus Wand, Bob Seguin (ex-officio)

Board Committees

Crop Insurance Committee

Chair: Martin Schneckenburger
Directors: Lynne Cohoe, Herm Dick, Mike Soenens, Klaus Wand

Market Revenue Appeals Committee

Chair: Owen Dobbyn
Directors: Martin Schneckenburger, Ron Pearson

AGRICORP™ Officers

As of March 31, 2000

Norris Hoag
Interim Chief Executive Officer

J. Bradley Caron
Treasurer

Mathew C. Tulloch
Corporate Secretary

Senior Management

George Sutton
General Manager, Crop Insurance

Robert (Bob) Kalbfleisch
Director, AGRICORP *Business Services*

Michael Vlcek
Director, Marketing

Brett McClelland
Chief Information Officer

Pauline Holman
Director, Human Resources

Greg Brown
Director, Strategic Relationships